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CARR & FERRELL LLP 2200 GENG ROAD PALO ALTO, CA 94303			HARBECK, TIMOTHY M	
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			3628	

DATE MAILED: 10/02/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/923,035

Applicant(s)

NAFEH ET AL.

Examiner

Timothy M. Harbeck

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 13 July 2006.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-31 and 35-103 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-31 and 35-103 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-31, 35-103 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shepherd (US PAT 5,970,479) in view of Slyke et al (hereinafter Slyke US 2002/0042770 A1).

Re Claim 1: Shepherd discloses methods and apparatus relating to the formulation and trading of risk management contracts comprising the steps of

- Establishing a computer-network based futures trading system electronically accessible by prospective traders (Column 7, lines 32-49; Figure 2)
- Selling, over said trading system, futures contracts (Column 3, line 29 – Column 4, line 29)
- Subsequent to a sale of said futures contracts, accepting for resale over said trading system any of said futures contracts (Column 5, lines 25-40)
- Reselling, over said trading system, accepted contracts (Column 5, lines 25-40)
- Settling said contracts (Column 3, lines 29-38)

Shepherd does not explicitly disclose

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- Wherein the contracts comprise contract bundles, each contract bundle comprising at least 2 contracts

Slyke discloses liquid insurance (i.e. risk management) contracts, including the use of bundling multiple existing contracts (paragraph 0268-0269). It would have been obvious to a person of ordinary skill in the art to include the teachings of Slyke to the disclosure of Shepherd in order to reduce the risk associated with dealing with future events. For example, Slyke notes a specific example of bundling an LIC with a currency exchange contract when dealing with investments in foreign currencies. This bundle is necessary to both hedge against the risk of future event of the contract itself, as well as any fluctuations in currency that result over the life of the contract.

- Assessing, for at least one of said futures contract bundle sale and said futures contract resale, a transaction fee therefor

However, it was well known in the art at the time of invention and therefore would have been obvious to include transactions fees in financial matching systems so that the persons sponsoring the matching system can experience a revenue stream for their services. Furthermore, experts, on behalf of clients and in exchange for a small fee, have long brokered futures contracts and the continuation of this process in an automated environment would also have been obvious.

Re Claim 2: Shepherd/Slyke discloses the claimed method but does not explicitly disclose the step of establishing a computer-network based futures trading system electronically accessible by prospective traders includes establishing a computer-network based futures trading systems electronically accessible by

prospective traders via at least the internet. However, it would have been obvious to anyone skilled in the ordinary art at the time of invention to include the internet as a means to electronically access prospective traders, because the internet was the largest network available and would allow prospective traders access to as many potential counterparties as possible, further enhancing their chances of completing a transaction.

Re Claim 3: Shepherd/Slyke discloses the claimed method and Shepherd further discloses wherein the step of selling, over said trading system, futures contract bundles includes the step of providing a user interface that allows prospective traders to access said futures trading system (Column 4, lines 43-65)

Re Claim 4: Shepherd/Slyke discloses the claimed method but does not explicitly disclose wherein the step of providing a user interface that allows prospective traders to access said futures trading system includes providing a world-wide-web user interface. However it would have been obvious to anyone skilled in the ordinary art at the time of invention to provide a world-wide-web interface since this was the most common interface used in connection with the Internet, and would therefore provide users with a familiar interface from which to access and browse the system.

Re Claim 5: Shepherd/Slyke discloses the claimed method but does not explicitly disclosing the step wherein said user interface allows any computer-network user to view information about futures contracts for sale on the trading system. However, the system of Shepherd allows users to constantly review any contract to which they are a party, which implies a user interface in connection with the previously noted computer system that allows for this step (Column 5, line 25-40). It was also well

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known in financial matching systems to allow users to view any and all potential transactions so that they have full access to the current market of all potential trades. It therefore would have been obvious to anyone skilled in the ordinary art at the time of invention to allow users to view users to view any contract for sale on the system so that the users are fully informed about the current state of the market before they enter a transaction.

Re Claim 6: Shepherd/Slyke discloses the claimed method and Shepherd further discloses wherein said user interface allows only predetermined computer-network users to view information about futures contracts for sale on said trading system (Column 5, lines 25-30)

Re Claim 7: Shepherd/Slyke discloses the claimed method and Shepherd further discloses wherein the step of selling futures contract bundles, includes selling a futures contract bundle comprising at least two futures contracts, each of said at least two futures contracts corresponding to one of at least two future possible outcomes of a phenomenon at a time of maturity thereof, said futures contract bundle being defined to pay an aggregate fixed sum at maturity, each of said at least two futures contracts paying said fixed sum at maturity upon the happening of the future possible outcome of said phenomenon associated with that risk management contract, each of said at least two risk management contracts paying a zero sum at maturity upon the non-happening of the future possible outcome of said phenomenon associated with that risk management contract (Column 4, lines 17-23; Column 5, lines 12-24).

Re Claim 8: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses the step of receiving data from a prospective customer identifying a predetermined phenomenon for which a futures contract is desired, the phenomenon having at least two future possible outcomes at a time of maturity (Column 4, lines 17-23)

Re Claim 9: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses wherein the step of selling futures contract bundles, includes selling a futures contract bundle comprising at least two futures contracts, each of said at least two futures contracts corresponding to one of said at least two future possible outcomes of said predetermined phenomenon at a time of maturity thereof (Column 4, lines 25-29).

Re Claim 10: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of determining, prior to a sale of a futures contract bundle thereon, whether said predetermined phenomenon for which a futures contract is desired is suitable for the issuance of futures contracts thereon. However, the fact that the system issues a futures contract related to a predetermined phenomenon implies that the contract is suitable (Column 4, lines 30-33). The entry of information by the ordering stakeholder such as the range of future outcomes, time of maturity and entitlement due at maturity (Column 4, lines 47-55) shows that the system requires information specific to a futures contract and will not execute the transaction unless said information is provided.

Re Claim 11: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of selling over said trading system, a plurality of futures contract bundles, each contract bundle comprising at least two futures contracts, at least one of said plurality of futures contract bundles having a time period from a sale thereof to an expiration thereof which partially overlaps the time period from a sale of another of said plurality of futures contract bundles until an expiration of said another of said plurality of futures contract bundles, said at least one of said plurality of futures contract bundles corresponding to a first periodic occurrence of said phenomenon and said another of said plurality of futures contract bundles corresponding to a second periodic occurrence of said phenomenon. However it was well known in futures markets at the time of invention that similar contracts involving the same phenomenon but having a different expiratory date could be traded concurrently. For example, different futures contracts involving an interest rate can be traded concurrently with different expiratory dates (i.e. 3 months, 6 months, one year). In this way a person looking to hedge against rising or falling interest rates, specific to a future date can trade according to the time period for which they are interested. It would have been obvious to anyone skilled in the ordinary art at the time of invention to include this feature to the disclosure of Shepherd, because it was a common practice in futures markets and would have provided users with more hedging opportunities.

Re Claim 12: Shepherd/Slyke disclose the claimed method supra but does not explicitly disclose the step wherein each one of said plurality of futures contract bundles are sold at staggered time periods having a predetermined relationship to the timing of a

specific periodic occurrence of said phenomenon associated therewith. Following the example from previously rejected claim 11, it was well known in the art at the time of invention that participants in futures markets have traded in interest rate futures to hedge against rising or falling interest rates. Furthermore it was well known in the art that interest rate futures contracts often deal with quarterly projections, which are staggered time periods having a predetermined relationship to the timing of a specific occurrence of a phenomenon (the actual reporting of the change in the interest rate). It would have been obvious to anyone skilled in the ordinary art at the time of invention to include this feature to the disclosure of Shepherd, because it was a common practice in futures markets and would have provided users with more hedging opportunities.

Re Claim 13: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of selling, over said trading system, a futures contract bundle associated with a specific periodic occurrence of said phenomenon at substantially the same time as an expiration of a futures contract bundle associated with another periodic occurrence of said phenomenon. However it was well known in futures markets that certain contracts regarding the same phenomenon, but with different expiratory dates are sold at different time periods, specifically one is sold at substantially the same time as the expiration of the other, because the resulting outcome of the first contract affects the range of possible outcomes for the second contract. For instance, in projecting the change in earnings of a particular company from one quarter to the next, market participants would need to know the outcome of the previous quarter before any sort of range outcomes can be set for the contract associated with the second bundle. It would

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be obvious to anyone skilled in the ordinary art at the time of invention to include this feature to the disclosure of Shepherd, because it was a common practice in futures markets.

Re Claim 14: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses the step wherein selling futures contract bundles and the step of settling said futures contract bundles are accomplished in a credit-risk free manner (Column 5, lines 56-60).

Re Claim 15: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of selling futures contract bundles comprises selling futures contract bundles on margin and the step of selling futures contracts bundles and the step of settling said futures contract bundles are accomplished in a credit risk manner. However it was well known in the art to sell any financial instrument, including futures contracts, on margin. This allows participants to hedge their positions by purchasing expensive contracts even if they do not have the resources to buy them individually. Once the contracts are settled the borrowed portion is paid, but the hedged position is maintained. This being said, there is always a credit risk involved in such a transaction as the borrower could possibly default on the loaned portion. It would have been obvious to anyone skilled in the ordinary art at the time of invention to include this feature to the disclosure of Shepherd because it was a common practice in futures markets and provides customers, via borrowing, with broader hedging opportunities.

Re Claim 16: Shepherd/Slyke discloses the claimed method supra and while not explicitly disclosing the step of accepting from a prospective trader indicia of the identity

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of at least one prospective counterparty, Shepherd does disclose that counterparty stakeholders input registering data (Column 4, lines 25-29), which would include the identity of the counterparty. It would have been obvious to include the identity of the prospective counterparties so that participants are aware of whom they are trading with and the potential risks involved.

Re Claim 17: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step wherein reselling, over said trading system, and any of said at least two futures contracts includes reselling, over said trading system, said any of said at least two futures contracts only to prospective traders having identities corresponding to said indicia. However, it was well known in the art at the time of invention that in any market wherein financial instruments are traded it is often times advantageous to know the prospective trading partner. In this way, certain parties who are undesirable trading partners can be filtered out before the transaction takes place. It would have been obvious to anyone skilled in the ordinary art at the time of invention to include this feature in the disclosure of Shepherd so participants have an element of control as to whom they transact with.

Re Claim 18: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of establishing a computer network based futures trading system electronically accessible by prospective traders includes establishing a computer network based futures trading system accessible only by predetermined groups of prospective traders. However this step would have been obvious to anyone skilled in the ordinary art since often times futures contracts are relevant only to a

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certain sector and therefore the contracts are only extended to these parties. In this way outside parties without an interest in the particular commodity cannot affect the price of the contract.

Re Claim 19: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step wherein said predetermined groups of prospective traders are selected from the group consisting of predefined and pre qualified prospective traders. However this step would be obvious to anyone skilled in the ordinary art because, in the selective process involving potential counterparties, there would have to be some criteria (qualifications) that these parties have met in order to be included in the group. If there were no qualifications then the filtering process would fail and the parties in the group would be a random set.

Re Claim 20: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of introducing new futures contracts to the market as a split of an existing futures contract, an aggregate liquidation value of the new futures contracts equaling the liquidation value of the existing futures contracts. However, this step was notoriously well known to anyone skilled in the ordinary art and therefore would have been obvious to include. If it becomes apparent, before the expiratory date, that one outcome of a futures contract is fairly certain, then this particular outcome can be further split, thus allowing participants to further refine their hedged position. The total value of the contract must remain the same, but participants are given the opportunity to better their current position.

Re Claim 21: Shepherd/Slyke discloses the claimed method supra and while not explicitly disclosing the step of concurrent with said step of introducing new futures contracts to the market as a split of an existing futures contract, retiring said existing futures contract, this step is consistent with, and therefore obvious to anyone skilled in the ordinary art, the process of splitting a futures contract. Since it has been determined that one outcome in the original contract is almost guaranteed to occur, this option is split into further options to encourage further trading and allow participants to further hedge their positions. At the same time the old contract is retired since the other outcomes are essentially worthless and trading on these positions should be halted.

Re Claim 22: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of receiving at least two existing futures contracts prior to a maturity thereof and introducing a new futures contract to the market as a combination of said existing futures contract, a liquidation value of the new futures contract equaling an aggregate of the liquidation value of said at least two existing futures contract.

However the process of combining two existing futures contracts into an aggregated singular contract was well known in futures markets and would therefore be obvious to anyone skilled in the ordinary art to include in an electronic market such as the one of Shepherd. In this way the electronic version can mimic the existing market as much as possible and provide participants with all the advantages of the traditional markets. The value would also have to be the aggregated value since the price of a contract cannot be destroyed and must remain constant until the payout date.

Re Claim 23: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of soliciting, over said trading system prospective traders for delivery of said at least two existing futures contracts, which together represent a futures contract bundle, prior to a maturity thereof. However this step would have been obvious to anyone skilled in the ordinary art at the time of invention so that these outstanding separate contracts can be bought and grouped together. In this manner the number of outstanding contracts involving just one of the merged contracts can be limited, and more of the new contract bundles can be issued.

Re Claim 24: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses the step of accepting said futures contracts for settlement thereof includes accepting said futures contract bundles for settlement at an expiration thereof (Column 5, lines 12-24).

Re Claim 25: Shepherd/Slyke discloses the claimed method supra and further discloses the step of accepting said futures contracts for settlement thereof includes accepting said futures contract bundles for settlement prior to an expiration thereof (Column 5, lines 47-55).

Re Claim 26: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses the step of providing a market authority for mediating any dispute related to said futures contracts (Column 5, lines 56-60).

Re Claim 27: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of establishing a computer network based futures trading system electronically accessible by prospective traders includes establishing a

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computer network based futures trading system electronically additionally accessible by non trading observers. However this step would have been obvious to anyone skilled in the ordinary art since many trading platforms for financial instruments allow for non-trading observers. For instance observers, not just traders have access to stock tickers and the like that display market information and furthermore, web based markets allow any registered user to access and view trading systems regardless of their desire to trade.

Re Claim 28: Shepherd discloses the claimed methods and apparatus relating to the formulation and trading of risk management contracts comprising means for enabling market participants to trade directly with other market participants and not through third parties (Column 5, lines 25-30).

Re Claim 29: Shepherd discloses methods and apparatus relating to the formulation and trading of risk management contracts comprising means for receiving input from a prospective trader defining a hedge instrument directed to a phenomenon having at least two future possible outcomes at a time of maturity of said instrument (Column 4, lines 18-24). Therefore it would have been obvious to anyone skilled in the ordinary art at the time of invention to include this feature to the well-known contract trading system including a communication interface, a plurality of process modules for formation, sale, resale and settlement of contracts and contract bundles, each of said contract bundles containing at least two contracts. In this way, a user of the system can enter information pertaining to a specific contract, which they have essentially created

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themselves. They would not have to rely on system created contracts that would not necessarily meet their hedging objectives.

Re Claim 30 and 31: Further system claims would have been obvious to perform previously rejected method claims 1 and 2 respectively and is therefore rejected using the same art and rationale.

Re Claim 35: Further method of providing risk-hedging capability to prospective traders would have been obvious from the previously rejected method of doing business claim 1 and is therefore rejected using the same art and rationale.

Re Claim 36: Shepherd discloses methods and apparatus relating to the formulation and trading of risk management contracts comprising:

- A user interface front end, said front end providing interface to at least a new instrument application, an order placement application, a clearing application, an administrative application and a surveillance application (Column 4, lines 17-23)
- An order management and processing system, said order management and processing system including a validation subsystem, an order routing subsystem, and an order matching subsystem (Column 4, lines 34-42)
- A contract expiration management system for recording ownership traded contracts, for notifying contract owners of the expiration thereof, and for communicating with a settlement band directing the bank to

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transfer funds in accordance with the settlement value of said contracts

(Column 5, line 64 – Column 6, line 23)

- A surveillance system (Column 5, line 56-60)

Shepherd does not disclose

- a bundle sale redemption and expiration application

Slyke discloses liquid insurance (i.e. risk management) contracts, including the use of bundling multiple existing contracts (paragraph 0268-0269). It would have been obvious to a person of ordinary skill in the art to include the teachings of Slyke to the disclosure of Shepherd in order to reduce the risk associated with dealing with future events. For example, Slyke notes a specific example of bundling an LIC with a currency exchange contract when dealing with investments in foreign currencies. This bundle is necessary to both hedge against the risk of future event of the contract itself, as well as any fluctuations in currency that result over the life of the contract.

Re Claim 37: Shepherd/Slyke discloses the claimed method supra and further discloses wherein said administrative application includes:

- Means for undertaking limited inquiry into all market transactions
- Means for suspending and resume trading in particular contracts or the market as a whole;
- Means for suspending, resuming or terminating account privileges;
- Means for suspending contract payouts;
- Means for amending and overriding calculated settlement prices and redistributing funds and

- Means for distributing announcements to market participants

Shepherd discloses that certain participants in the system have executive roles in administration, guaranteeing the performance of buyers and seller, regulation supervision and so on (Column 5, lines 56-60). It therefore follows that the system has the means to perform any such regulatory or supervisory actions necessary, including the claimed limitations.

Re Claim 38: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses wherein said surveillance system includes

- Means for viewing pending bid and offer orders
- Means for viewing the details of all transactions
- Means for viewing all electronic bulletin board postings
- Means for defining and tracking alerts for specific events including transaction patterns and
- Means for investigating alerts

Shepherd discloses a supervisory function that performs the same function as the claimed surveillance feature (Column 5, lines 56-60). The supervisory function has the ability to adjust each party's respective balance, which indicates means to view pending bids, and details of the transactions. Furthermore Shepherd notes that the entire system is regulated and supervised and therefore has means to perform any necessary regulatory or supervisory function.

Re Claim 39 and 40: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose means for interfacing with a point of sale terminal that is

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adapted to receive an indicator of trader identity and a contract to be settled. However this step would have been obvious to anyone skilled in the ordinary art at the time of invention to include means to interface with a point of sale terminal, since these terminals were widely used and well known and would have provided users of the system with greater access to the system.

Re Claims 41-46: Further method of conducting business claims would have been obvious from previously rejected method claims 1-6 respectively and are therefore rejected using the same art and rationale. The only difference between these claims involves the sale, resale and settlement of coupons as opposed to futures contract bundles. However, it would have been obvious to anyone skilled in the ordinary art at the time of invention to add the coupon feature to the disclosure of Shepherd since Shepherd deals with the broad term of risk management contracts, which encompasses both futures contracts as well as coupons.

Re Claim 47: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of accepting said coupons for settlement thereof includes accepting said coupons for settlement at an expiration thereof. However, this step would have been obvious to anyone skilled in the ordinary art at the time of invention since the expiration date of a coupon is the last possible time to redeem said coupon for the value offered. If the expiration date is allowed to pass without using the coupon, then the value of said coupon is lost.

Re Claim 48: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of redeeming the coupons through a web-based electronic

interface. However it was well known in the art at the time of invention for coupons to be redeemed through a web based interface and therefore would have been obvious to include in any system that offers coupons. Many people use the Internet for a variety of interests including shopping and for making reservations for shows, hotels and airline tickets. It is very popular for these types of purchases to be made using a web-based interface and therefore it would only make sense for coupons related to these sales be redeemable in the same environment.

Re Claim 49: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of accepting said coupons for settlement thereof includes accepting said coupons for settlement prior to an expiration date. However this would have been obvious to anyone skilled in the ordinary art at the time of invention because the purpose of coupons, from a buyer's standpoint, is to offer greater flexibility for receiving the product or service offered. Because people cannot predict future events, they are often hesitant to purchase things in advance for a specific time period. Coupons allow these people the freedom to choose when and where to redeem the value they have purchased up to an expiration date. If the coupons were only accepted on the expiration date, then the flexibility function of coupons is defeated.

Re Claim 50: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of redeeming the coupons through a web-based electronic interface. However it was well known in the art at the time of invention for coupons to be redeemed through a web based interface and therefore would have been obvious to include in any system that offers coupons. Many people use the Internet for a variety of

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interests including shopping and for making reservations for shows, hotels and airline tickets. It is very popular for these types of purchases to be made using a web based interface and therefore it would only make sense for coupons related to these sales be redeemable in the same environment.

Re Claim 51: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of accepting said coupons for settlement on demand in a pre-designed maturity period. However, this step would have been obvious to anyone skilled in the ordinary art since this is how coupon systems have worked for years. Because people cannot predict future events, they are often hesitant to purchase things in advance for a specific time period. Coupons allow these people the freedom to choose when and where to redeem the value they have purchased up to an expiration date. If the coupons were only accepted on the expiration date, then the flexibility function of coupons is defeated.

Re Claim 52: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of redeeming the coupons through a web-based electronic interface. However it was well known in the art at the time of invention for coupons to be redeemed through a web based interface and therefore would have been obvious to include in any system that offers coupons. Many people use the Internet for a variety of interests including shopping and for making reservations for shows, hotels and airline tickets. It is very popular for these types of purchases to be made using a web based interface and therefore it would only make sense for coupons related to these sales be redeemable in the same environment.

Re Claims 53-64: Further method of conducting business claims would have been obvious from previously rejected method claims 10-19, 26 and 39 respectively and are therefore rejected using the same art and rationale. The only difference between these claims involves the sale, resale and settlement of coupons as opposed to futures contract bundles. However, it would have been obvious to anyone skilled in the ordinary art at the time of invention to add the coupon feature to the disclosure of Shepherd since Shepherd deals with the broad term of risk management contracts, which encompasses both futures contracts as well as coupons.

Re Claim 65: Further computer network claims would have been obvious to perform previously rejected method claim 41 and is therefore rejected using the same art and rationale.

Re Claim 66: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose means for interfacing with a point of sale terminal that is adapted to receive an indicator identity and a coupon to be settled wherein said means for settling said coupons is responsive to a communication from a point of sale terminal received via said means for interfacing. However this step would have been obvious to anyone skilled in the ordinary art at the time of invention to include means to interface with a point of sale terminal, since these terminals were widely used and well known and would have provided users of the system with greater access to the system.

Re Claim 67: Shepherd/Slyke discloses the claimed method supra and while not explicitly disclosing the step comprising at least one point of sale terminal communicatively connected to means for interfacing with a point of sale terminal, this

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step would have been obvious from previously rejected method claim 66. The purpose of having means for interfacing with a point of sale terminal would be to have them in communication with the trading system. If this were not the case the means for interfacing with the point of sale terminal would serve no purpose.

Re Claim 68: Shepherd/Slyke discloses the claimed method supra and while not explicitly disclosing the step comprising means for allowing a computer network user to view information about coupons for sale on said trading system, it would have been obvious to anyone skilled in the ordinary art at the time of invention to include this feature so that users have an idea of the depth of the market. If users could not view coupons for sale, the only way they could buy coupons would be random and may be for a product or service for which they have no interest.

Re Claim 69: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclosing means for allowing only predetermined computer network users to view information about coupons for sale on said trading system. However it would have been obvious to anyone skilled in the ordinary art at the time of invention to include this means because certain products or services only apply to a certain sector of the population. For instance a home improvement store may offer professional contractors specific coupons that they would not offer a normal customer. The store may be interested in attracting more business from the contractor, in exchange for lowered prices.

Re Claims 70-75: Further method of conducting business would have been obvious from previously rejected method claims 1-6 and are therefore rejected using the

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same art and rationale. The only difference between these claims involves the sale, resale and settlement of restricted clientele contracts as opposed to futures contract bundles. However, it would have been obvious to anyone skilled in the ordinary art at the time of invention to add the restricted clientele contract feature to the disclosure of Shepherd since Shepherd deals with the broad term of risk management contracts, which encompasses both futures contracts as well as restricted clientele contracts.

Re Claims 76-81: Further method of conducting business claims would have been obvious from previously rejected method claims 47-52 respectively and are therefore rejected using the same art and rationale.

Re Claims 82-92: Further method of conducting business claims would have been obvious from previously rejected method claims 10-19 and 26 respectively and are therefore rejected using the same art and rationale.

Re Claim 93: Further computer network claim would have been obvious to perform previously rejected method claim 70 and is therefore rejected using the same art and rationale.

Re Claims 94: Shepherd/Slyke discloses the claimed method supra and while not explicitly disclosing the step comprising means for allowing a computer network user to view information about restricted clientele contract bundles and restricted clientele contracts for sale on said trading system, it would have been obvious to anyone skilled in the ordinary art at the time of invention to include this feature so that users have an idea of the depth of the market. If users could not view contracts for sale, the only way

they could buy said contracts would be random and may be for a product or service for which they have no interest.

Re Claims 95: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose means for settling the restricted clientele contract through a web based electronic interface. However it was well known in the art at the time of invention that since the evolution of the Internet many business practices are accomplished through a web based interface. Settling a restricted clientele contract would fit into this mold as it would allow these contracts to be redeemed from remote locations and not necessarily on site.

Re Claim 96: Shepherd/Slyke discloses the claimed method supra and while not explicitly disclosing the step wherein said traders are anonymous to each other, this step would have been obvious to anyone skilled in the ordinary art at the time of invention. Many trading systems involving financial instruments allow users to remain anonymous throughout the duration of the process. This is advantageous for many users, whose identities, in connection with their trading activity, could cause an unwanted shift in the market.

Re Claim 97: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses the step of settling said contracts includes accepting said contract bundles for redemption prior to an expiration thereof (Column 5, lines 47-55)

Re Claim 98: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses wherein the step of settling said contracts include settling said contracts at an expiration thereof (Column 5, lines 47-49).

Re Claim 99: Further system claim would have been obvious to perform previously rejected method claim 1 and is therefore rejected using the same art and rationale.

Re Claim 100: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses a seventh processing module for maintaining and updating account information about traders, said account information including records of contracts held by each trader, transaction fees assessed and account balance (Column 6, lines 3-23).

Re Claim 101: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses wherein said seventh processing module is adapted to access said account information maintained about said traders and to automatically settle, at maturity thereof, any contract held by a trader which corresponds to an actual outcome of said phenomenon associated with that contract and to update said trader's account information in accordance with said settlement (Column 6, lines 3-23).

Re Claim 102: Shepherd/Slyke discloses the claimed method supra and Shepherd further discloses an eighth processing module for accepting contract bundles for redemption prior to maturity thereof and for paying said fixed sum for accepted contract bundles (Column 5, lines 47-55)

Re Claim 103: Shepherd/Slyke discloses the claimed method supra but does not explicitly disclose the step of accepting said coupons upon demand of a market authority prior to a predesignated maturity period thereof. However the system of Shepherd does note that some people "have executive roles in administration

guaranteeing the performance of buyers and sellers, regulation, supervision and so on (Column 5, lines 56-60). It would have been obvious to anyone skilled in the ordinary art at the time of invention that the step of regulation and supervision would include any measure that the market authority believes to be appropriate depending on the situation, including the claimed limitations.

Response to Arguments

Applicant's arguments, see Remarks, filed 7/13/2006, with respect to the rejection(s) of claim(s) 36-38 under 102(e) and claims 1-31, 35 and 39-103 under 103 (a) have been fully considered and are persuasive. Therefore, the rejection has been withdrawn. However, upon further consideration, a new ground(s) of rejection is made in view of Slyke. The examiner agrees with the applicant that Shepherd does not explicitly disclose the use of contract bundles and therefore a 102 rejection is improper. However a further search has identified the Slyke reference as disclosing the use of bundled contracts for risk-management purposes and has now been cited in a new ground of rejections.

The examiner does not, however, is not persuaded by the applicant on a number of the presented arguments. For instance the applicant contends, with regards to claim 36, that Shepherd does not disclose a user interface front end that provides interface to at least a new instrument application, an order placement application ect. (Remarks pages 4-6). The examiner has cited Shepherd's input means (Column 4, lines 17-23) in which a stakeholder inputs into the system, data relating to orders of contracts including the contract details. This inputting must be done via some form of interfacing between

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the stakeholder and the system. Furthermore, the examiner further points to other parts of the Shepherd disclosure that provides more details on the interfacing aspects of the invention (Column 7 line 66-Column 8 line 16; Column 10 lines 56-60; and Column 42 lines 29-36).

In the same regard the applicant contends that Shepherd does not disclose or teach the Order Management and processing system as claimed. The examiner again disagrees. The applicant states that Shepherd lacks the ability to "validate orders, route valid orders, record actions in an audit trail, ensure accurate clearing, communicate with the settlement bank or the clearing application, provide settlement instructions and periodically reconcile settlement bank records" (Remarks page 7). While the examiner does not agree that Shepherd lacks the ability to perform these functions it is also noted that none of the aforementioned functions appear in the claimed language. The claim broadly recites "a validation subsystem, an order routing subsystem and an order matching subsystem." The examiner cannot read limitations from the specification into the claims. It has been found that "reading a claim in light of the specification, to thereby interpret limitations explicitly recited in the claim, is a quite different thing from "reading limitations of the specification into a claim," to thereby narrow the scope of the claim by implicitly adding disclosed limitations which have no express basis in the claim." See also *In re Morris*, 127 F.3d 1048, 1054-55, 44 USPQ2d 1023, 1027-28 (Fed. Cir. 1997). In this instance the examiner maintains that Shepherd discloses the invention as claimed. Further support can be found, in Shepherd, for validation

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(Column 17, lines 31-59), Order Matching (Column 17 line 61-Column 18 line 61) and Order Routing (Column 37, lines 23-64).

The same arguments presented in the previous paragraph hold for the Contract Expiration Management System and the Surveillance System. In both instances the applicant refers to features in the specification that are not recited in the claim limitations. For instance in the Contract Expiration Management System, the applicant states that Shepherd lacks the ability to "notify all holders of a contract, halt trading by freezing an Order matcher..."(Remarks page 9). Again none of these limitations are positively recited in the claims, and therefore cannot be read into the claims as presently stated. The examiner believes that Shepherd discloses the Contract Expiration Management System as claimed, but reminds the applicant that there is always the opportunity to amend the claims during prosecution to include further limitations so long as no new matter is entered.

With regards to claims 37-38 the applicant contends that Shepherd does not disclose all the elements recited in the claimed language. However the language of the claims simply calls for Shepherd to have the "means for" performing the associated administrative and surveillance applications. In response to applicant's argument that Shepherd does not disclose all the elements recited in the claimed language, a recitation of the intended use of the claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim. Because Shepherd discloses

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structure for both administrative and surveillance functions, the examiner believes that the system of Shepherd has the means for performing these steps. Further evidence of the administrative and surveillance applications can be found in Shepherd (Column 8, line 55 and Column 10 lines 14-15)

With regards to the applicants argument that claims are improperly rejected in view of the purported and unsubstantiated knowledge of one of ordinary skill in the art the examiner disagrees. First the applicant contends that the examiner relies solely on common knowledge as a basis for rejection (Remarks page 16-17). The examiner points out that this is never the case, as each submission of Official Notice is used to "fill in the gaps" of the Shepherd reference. The Shepherd reference is the basis for each rejection and the examiner has not relied solely on common knowledge as the applicant contends. Furthermore in each and every instance the examiner has provided a reasoned statement as to why a person of ordinary skill in the art would be motivated to include the well known features to Shepherd. For instance in claim 2, "would allow prospective traders access to as many potential counterparties as possible." In claim 4, "provide users with a familiar interface from which to access and browse the system." In claim 5 "so that users are fully informed about the current state of the market." This contrary to the applicants claim that the Examiner has not provided any motivation that would explain why a person of ordinary skill in the art would render such a combination obvious.

Finally, in this regard, the applicant admits that some of the noticed statements apply to financial transactions in the prior art; the applicant questions, in the context of

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adding them to a computerized trading system, the obviousness of the combination. In response, the examiner notes that it has been held that broadly providing an automatic or mechanical means to replace a manual activity which accomplished the same result is not sufficient to distinguish over the prior art (In re Venner, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958)).

With this in mind the examiner does not believe that the applicant has adequately traversed the noticed rejections. To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also *Chevenard*, 139 F.2d at 713, 60 USPQ at 241. A general allegation that the claims define a patentable invention without any reference to the examiner's assertion of official notice would be inadequate. In the present case the applicant has simply listed the noticed facts (pages 17-20) and broadly states that they are not well known. The applicant fails to address any one of the examiners particular arguments to each particular claim. Applicant's arguments fail to comply with 37 CFR 1.111(b) because they amount to a general allegation that the claims define a patentable invention without specifically pointing out how the language of the claims patentably distinguishes them from the references. Per the M.P.E.P, since the applicant has not adequately traversed the rejections, the examiner indicates that the common knowledge or well known in the art statement is taken to be admitted prior art. Furthermore, a more detailed reading of Shepherd supports some of the examiners

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assertions, including but not limited to transaction fees (Column 13, line 13) and selling instruments on margin (Column 12 line 66-Column 13 line 17).

In summary, the examiner is persuaded by the applicant that Shepherd does not explicitly disclose contract bundles, which renders the action non-final. However, Slyke has been cited as teaching these disclosed features in a new ground of rejection. The examiner does not agree with the applicant that no elements of claims 36-38 are disclosed by Shepherd and maintains this reference as the primary prior art. Finally, the examiner does not believe that that the applicant has adequately traversed the noticed statements of the prior action and has entered them as admitted prior art, subsequent to a more adequate response from the applicant.

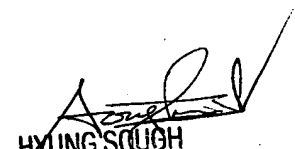
Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Timothy M. Harbeck whose telephone number is 571-272-8123. The examiner can normally be reached on M-F 8:30-5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Souh can be reached on 571-272-6799. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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